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UNCLAS SECTION 01 OF 03 MANILA 002821

SIPDIS

STATE FOR EAP/PMBS, EB, INR/EAP, INR/B
TREASURY FOR OTA
JUSTICE FOR CRIMINAL DIVISION DEPUTY ASSISTANT AG BSWARTZ
JUSTICE ALSO FOR OIA CHIEF MWARLOW
DHS FOR ICE/OIA

E.O. 12958: N/A

TAGS: [PGOV](#) [PREL](#) [PINR](#) [KCOR](#) [CVIS](#) [ECON](#) [RP](#)

SUBJECT: EMBASSY ANTI-CORRUPTION EFFORTS -- LAW ENFORCEMENT

REF: A. MANILA 2712

[B](#). MANILA 2578

[C](#). MANILA 1641

[D](#). MANILA 0388

[E](#). 04 MANILA 5262

[1](#). (SBU) Summary: Over the past year, Mission has stepped up law enforcement anti-corruption efforts. Mission played a key role in major anti-corruption cases, particularly the case against former Comptroller of the Armed Forces of the Philippines (AFP) General Carlos Garcia. We are now actively investigating specific GRP officials suspected of corruption. We continue to explore ways to integrate the visa function with anti-corruption efforts by use of databases and interviewing techniques. We have established an Embassy anti-corruption working group (ACWG) as well as a bilateral anti-corruption working group. Our efforts have helped invigorate the GRP anti-corruption program and also have helped the GRP pinpoint where it, as a Millennium Challenge Threshold Country candidate, could use MCC funding to bolster its own anti-corruption efforts. End Summary.

DHS/ICE

[2](#). (SBU) Immigration and Customs Enforcement (DHS/ICE) Manila has been working closely with Philippine law enforcement agencies on corruption cases. In the Garcia case, DHS/ICE officials at San Francisco International Airport confiscated approximately \$100,000 in cash from General Garcia's sons as they attempted to bring the undeclared money into the US (ref E). The subsequent investigation uncovered Garcia's possession of millions of dollars in unexplained funds and assets in the US. The sworn statement of General Garcia's wife to US authorities, in which she admitted corruption on her husband's part, was a central piece of evidence in the case. DHS/ICE and DOJ, in close cooperation with the GRP's Anti-Money Laundering Council (AMLC) and Office of the Ombudsman, have seized assets of Garcia in the US, including a Trump Tower condominium in Manhattan, and are looking into forfeiture and money-laundering cases against him in the US. The DHS/ICE Attache testified in Garcia's court-martial trial regarding Garcia's US permanent resident status. As part of its probe into corruption-related money laundering of Politically Exposed Persons (PEP), DHS/ICE Manila, working closely with the GRP Ombudsman, is investigating additional senior military officials in the AFP, former senior GRP Bureau of Customs officials, and certain other senior GRP officials, all of whom appear to have substantial assets in the US.

[3](#). (SBU) DHS/ICE Manila is also working to tighten the net around corrupt GRP officials laundering money in the US by heightening its scrutiny of false currency declarations (CMRIs) emanating from the Philippines. DHS/ICE Manila is working with its headquarters to ensure that it is promptly advised of every such CMRI violation. If, after further inquiry, DHS/ICE Manila has reason to believe that the improperly declared funds constitute ill-gotten gains of corrupt GRP officials, it will open a criminal investigation, in possible coordination with the GRP Ombudsman. In addition, DHS/ICE Manila is exploring the feasibility of establishing a system whereby it would be notified anytime a Filipino, or someone whose point of embarkation was the Philippines, comes into the US with \$50,000 or more in cash, irrespective of whether the money was properly declared. (Note: In addition to the improperly declared funds Garcia brought into the US, he also, through his wife and sons, brought in large sums of properly declared currency. Had DHS/ICE Manila been aware of this fact earlier, it might have been able to uncover his illegal activity even in the absence of the fortuitous discovery of the undeclared monies. End Note.) As with false CMRIs, DHS/ICE Manila would then determine whether the monies likely constitute unexplained wealth warranting a criminal investigation. However, targeting CMRIs in this fashion would require programming changes in the national database that houses CMRI information, requiring additional budgetary resources.

DOJ

14. (SBU) In the Garcia case, the DOJ Attache coordinated the efforts of US law enforcement agencies within the Embassy, with prosecutors in San Francisco and in New York, and with DHS/ICE to ensure the seizure of Garcia's US assets. In addition, the DOJ Attache is assisting the GRP prepare more effective Mutual Legal Assistance Treaty (MLAT) requests relating to pending corruption cases and coordinating with stateside DOJ colleagues to ensure prompt action on such requests. As part of this effort, he arranged for a representative from the DOJ's Office of International Affairs to come to the Philippines to conduct a week-long seminar for the Ombudsman's office, AMLC, and the Solicitor General's office on how to draft more effective MLATs. He has also played a supportive role in the GRP's prosecution of former President Estrada for "plunder" by preparing briefs and arguing in the Federal District Court in Nevada for the extradition of Estrada co-defendant Charlie Atong Ang. The decision by the US District Court to allow Ang's extradition to the Philippines, as well as the opinion of the court that certain testimony against the former president is credible, have bolstered the GRP's case against Estrada.

Consular

15. (SBU) Visa Applications: We are exploring ways to utilize the financial information provided to the Consular Section in the visa application process, including sharing such information with GRP law enforcement agencies such as the Ombudsman's office, to help the Philippines in its anti-corruption efforts. (Note: INA Section 222(f) provides for the confidentiality of visa records but allows sharing of information for law enforcement purposes. End Note.) The ACWG (see para 7) is also working to identify those GRP officials about whom suspicion of corruption is sufficient to warrant adding their names to Consular's CLASS lookout system.

16. (SBU) Visa Denials: Under Presidential Proclamation No. 7750, Embassy is working with CA to test the limits of the use of 212(f). We have requested an advisory opinion on one visa applicant, an AFP colonel, and the ACWG will work with the Consular Section to put forth additional candidates. In addition, we continue to use the more traditional bases for visa denial in the anti-corruption campaign. In the case of General Garcia, the Consular Section revoked his visa under Section 214(b) of the INA, on the grounds he was unlikely to return to the Philippines for fear of prosecution locally. We will also look to deny visas to suspected corrupt GRP officials, where appropriate, under Section 212(a)(2), which makes ineligible those convicted of or who admit to Crimes of Moral Turpitude.

Embassy's Anti-Corruption Working Group (ACWG)

17. (SBU) In November 2004, Embassy formed the ACWG, a sub-group of the Embassy-wide Law Enforcement Working Group (LEWG). DOJ chairs the ACWG, which also includes FBI, DHS/ICE, CON, USAID, POL, and ECON. The ACWG provides an interagency mechanism to identify candidates for FBI or DHS/ICE corruption investigations. In one case involving a high-ranking GRP politician who may have laundered money in the US, the FBI's review of the evidence uncovered activity that may lead to a US grand jury investigation. The ACWG has also created a central database, maintained by the Consular Section's Fraud Prevention Unit (FPU), and established collection procedures for all corruption-related information encountered by Embassy officials, regardless of their section or agency. The ACWG has encouraged all sections/agencies within the Embassy to report information on possible corruption to the ACWG, which can sift and compare it with other corroborating evidence to determine whether to open a case and/or whether to relay such information to the GRP's Office of the Ombudsman.

Bilateral Anti-Corruption Working Group

18. (SBU) Mission established a joint US-RP anti-corruption working group (US-RP ACWG) in January. To date, the GRP has been represented by the Ombudsman, Simeon Marcelo, and the AMLC head, Vic Aquino. Presidential Legal Counsel Mercedes Gutierrez will join the working group. We have included multiple GRP agencies to increase transparency, and improve the likelihood the GRP will take action on any corruption evidence we provide. At the first US-RP ACWG meeting in January, we underscored the Mission's desire to assist wherever possible and to press forward on certain important

corruption cases such as the Garcia case. The Ombudsman reported that he had recommended to the Supreme Court that the Sandiganbayan (the special court handling all corruption cases) begin trying, on a contiguous basis, 40 priority cases (as opposed to the 2,000 cases the court is currently handling on a non-contiguous basis).

US Treasury Advisor at AMLC

9. (SBU) The Mission has also approved the establishment of an NSDD-38 position for a US Treasury Law Enforcement Advisor position at the AMLC for a two year period. The first Advisor is working directly with AMLC to ensure a prompt and thorough response to MLAT requests from the US, including those MLAT requests relating to ongoing corruption investigations by US law enforcement agencies. This new position will also help ensure long-term cooperation and a steady exchange of expertise on anti-money laundering technologies and innovations.

Manila Airport: Currency Declaration

10. (SBU) In response to input from the Embassy, GRP authorities have posted signs at Manila's Ninoy Aquino International Airport indicating that anyone carrying over \$10,000 out of the country must declare it. More vigorous implementation by GRP enforcement agencies of their own laws on currency declaration should lead to the collection and sharing of more corruption-related data.

Millennium Challenge Account

11. (SBU) The GRP's candidacy as a Millennium Challenge Threshold Country offers important new opportunities for USG resources aimed at complementing GRP programs to fight corruption, a key barrier to fiscal reform. The initial draft of the GRP's MCC concept paper proposed programs aimed at bolstering the Ombudsman's anti-corruption capacity, and introducing reforms within the Bureau of Internal Revenue.
BELLARD